

**TIRNO-95-D-00062
Incurred Costs Audit
For Fiscal Year Ending December 31, 1998**

August 2002

Reference Number: 2002-1C-130

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL
for TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 2, 2002

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script, reading "Pamela J. Gardiner", is positioned below the recipient's name.

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: TIRNO-95-D-00062: Incurred Costs Audit for Fiscal Year Ending
December 31, 1998 (Audit #200210002.022)

The Defense Contract Audit Agency (DCAA) examined the contractor's January 6, 2000 certified final indirect cost rate proposal and related books and records for reimbursement of Fiscal Year 1998 incurred costs. The purpose of the examination was to determine the allowability of direct costs and indirect cost rates and establish audit determined indirect cost rates for January 1 through December 31, 1998. The proposed rates apply primarily to flexibly-priced contracts.

The DCAA stated that its review of direct costs was limited to Department of Defense and Department of the Treasury contracts. The DCAA examination disclosed no exceptions to the proposed indirect rates and to the proposed direct costs. The contractor's accounting system is considered adequate for accumulating, reporting, and billing on government contracts.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510 or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

Attachment

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

The TIGTA seal has been removed due to its size.